

Message Text

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ORIGIN IO-03

INFO OCT-01 ISO-00 /004 R

66011

DRAFTED BY IO/SCT - LOU CAVANAUGH

APPROVED BY IO/SCT - LOU CAVANAUGH

----- 042936

R 170128Z MAR 76

FM SECSTATE WASHDC

INFO USMISSION IAEA VIENNA 5913

C O N F I D E N T I A L STATE 064316

FOL REPEAT TOKYO 3691 SENT ACTION SECSTATE

INFO USERDA GERMANTOWN MOSCOW MAR 11

QTE

C O N F I D E N T I A L TOKYO 3691

E.O. 11652: GDS

TAGS: PFOR, TECH, JA, UR

SUBJECT: JAPANESE SALE OF NUCLEAR EQUIPMENT TO USSR

REF: A. STATE 53351 B. TOKYO 3385 C. TOKYO 2130

D. TOKYO 2086

SUMMARY: DESPITE GLOSS PUT ON BY PROPONENTS OF A JAPAN-USSR COOPERATIVE NUCLEAR POWER PLANT MANUFACTURE PROJECT, FONOFF DOUBTS PROJECT CAN BE REALIZED. FONOFF AND MITI, BELIEVE PROPOSAL WOULD HAVE TO BE SUBMITTED TO COCOM; FONOFF QUESTIONS WHETHER US TECHNOLOGY MIGHT NOT BE INVOLVED IN JAPANESE INPUT. GOJ WILL SCRUTINIZE PROPOSAL CLOSELY AS IT DEVELOPS AND KEEP IN TOUCH. WE ALSO LEARNED THAT SOVIETS OFFERED TO PAY WITH WITH URANIUM ENRICHMENT SERVICES. END SUMMARY.

1. DURING DISCUSSION WITH FONOFF FIRST EE DIVDIR ARAI, HE ASSURED US OF FONOFF'S KEEN ATTENTION TO KEIDANREN

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INTEREST IN JAPANESE COMMERCIAL MANUFACTURE OF RUSSIAN

DESIGNED NUCLEAR REACTOR COMPONENTS. HE ASSURED US THE PROPOSAL WOULD RECEIVE THE CLOSEST GOJ SCRUTINY. PROPOSAL IS STILL IN KEIDANREN'S HANDS BUT MUST BE BROUGHT TO GOJ FOR APPROVAL AND ARAI EXPRESSED SERIOUS DOUBTS THAT THE PROPOSAL COULD BE APPROVED.

2. HE COMPARED THE PROJECT WITH SIMILAR ONE, ALSO ON SOVIET INITIATIVE, TWO YEARS AGO PROPOSING JAPANESE ASSISTANCE TO RUSSIANS IN CONSTRUCTION OF NUCLEAR POWER FACILITIES IN SAKHALIN. ARAI BELIEVES AS IN FORMER CASE THAT CURRENT PROPOSAL WOULD HAVE TO BE SUBMITTED TO COCOM. BECAUSE OF US-JAPAN NUCLEAR AGREEMENT AND PERVADING AMERICAN TECHNOLOGICAL INFLUX INTO JAPANESE TECHNOLOGY, ANY SUCH PROPOSAL MUST ALSO BE SUBJECTED TO THOROUGH SCRUTINY TO DETERMINE THAT THE EQUIPMENT OR TECHNOLOGY INPUT INTO THE SOVIET PROJECT IS TOTALLY OF JAPANESE DESIGN. ARAI EXPRESSED DOUBTS THAT THE CURRENT PROPOSAL CAN PASS THAT TEST. HE NOTED THAT HE WORKED CLOSELY WITH UN BUREAU DEPDIRGEN OTSUKA ON SUCH MATTERS AND SAID THAT OTSUKA AND HIS BUREAU COMPLETELY SHARED HIS VIEWS ON CURRENT PROJECT.

3. WE ALSO HEARD FROM FONOFF THAT SOVIETS OFFERED TO PAY JAPANESE WITH URANIUM ENRICHMENT SERVICES. GOJ REACTION TENDED TO BE NEGATIVE BECAUSE INTER ALIA VOLUME OF ENRICHMENT SERVICES TO BE PERFORMED WAS CONSIDERED INADEQUATE AND IN ANY EVENT JAPAN DOES NOT WISH TO BECOME DEPENDENT ON USSR AS SOURCE OF REACTOR FUEL.

4. WHEN STORIES FIRST SURFACED IN JAPANESE PRESS (AT SAME TIME AS REPORTS RE RADAR EQUIPMENT FOR WRANGEL HARBOR AND POSSIBLE SEAPLANE SALES TO CHINA) WE EXPLORED COCOM IMPLICATIONS WITH MITI OFFICIALS RESPONSIBLE FOR EXPORT TRADE CONTROLS (REPORTED REF D) AND WERE ASSURED THAT GOJ WOULD SEEK COCOM APPROVAL BEFORE AUTHORIZING NUCLEAR EQUIPMENT EXPORTS TO USSR SHOULD PROJECT REACH STAGE WHERE FIRM ORDERS WERE RECEIVED. WE ALSO DISCUSSED THE PROPOSAL WITH OTSUKA AND FORMER SCIENTIFIC AFFAIRS DIVDIR ETO. THE DESCRIBED PROJECT IN TERMS SIMILAR TO REF B (EXCEPT POLITICAL COMMENT PARA 7). THEY SPECULATED

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THAT SOVIETS WERE HAVING DIFFICULTIES MEETING EXPORT REQUIREMENTS TO EAST EUROPEANS BUT WANTED TO CONTINUE TO MONOPOLIZE SUPPLY TO THE EES DESPITE FACT THAT EES PREFERRED WESTERN MANUFACTURED PRODUCTS. SOVIETS WERE TURNING TO JAPAN TO TRY TO INCREASE PRODUCTION AND PREVENT WESTERN INROADS IN EE MARKETS.

5. COMMENTS: DIRGEN MORI'S COMMENT ON LEFTIST ORIGIN

OF OPPOSITION TO JAPANESE NUCLEAR PROGRAMS (REF B)
APPEARS TO US AS A DIVERSIONARY TACTIC. IT IS CLEAR TO
US THAT JAPANESE NUCLEAR ALLERGY SPANS THE POLITICAL
SPECTRUM. HOWEVER, WE ARE CONFIDENT THAT PROJECT WILL
BE SUBJECTED TO CLOSE FONOFF SCRUTINY AND WE HAVE UN
BUREAU AND ARAI'S PROMISES TO KEEP IN CLOSE TOUCH AS THE
PROPOSAL MAY DEVELOP.

6. THERE IS EVIDENCE THAT CERTAIN CIRCLES IN JAPAN,
KEIDANREN AND ELEMENTS OF MITI ESPECIALLY, ARE INTERESTED
IN MOVING JAPAN TOWARD MANUFACTURE OF NUCLEAR POWER
EQUIPMENT INDEPENDENT OF IMPORTATION US COMPONENTS. SEPTTEL
FOLLOWS TO DISCUSS THIS DEVELOPMENT. PROPOSED DEAL WITH SOVIETS
MAY THEREFORE BE RELATED TO THIS,SINCE CONSTRUCTION OF
NUCLEAR POWER PLANTS INJAPAN HAS BEEN SLOWED BY CURRENT
ECONOMIC RECESSION, DECREASE IN DEMAND FOR ELECTRIC POWER,
AND DIFFICULTIES IN SECURING CONSTRUCTION SITES BECAUSE
OF LOCAL OPPOSITION TO NUCLEAR POWER. INCREASED EXPORTS
WOULD GIVE JAPANESE ATOMIC INDUSTRY AN ENHANCED BASE
LOAD.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EQUIPMENT, SALES, GOVERNMENT REACTIONS, NUCLEAR REACTORS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE064316
Document Source: CORE
Document Unique ID: 00
Drafter: LOU CAVANAUGH
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760100-0494
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760351/aaaabsjk.tel
Line Count: 139
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN IO
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 STATE 53351, 76 TOKYO 3385, 76 TOKYO 2130
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 29 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 MAR 2004 by ShawDG>; APPROVED <30 MAR 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JAPANESE SALE OF NUCLEAR EQUIPMENT TO USSR
TAGS: PFOR, TECH, JA, UR
To: IAEA VIENNA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006